

1990

# Report of the California-Taiwan Sister State Legislative Task Force

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# **California - Taiwan Sister State Legislative Task Force**

## **Report 1990**

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**REPORT OF THE  
CALIFORNIA - TAIWAN SISTER-STATE LEGISLATIVE TASK FORCE**

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## **EXECUTIVE SUMMARY**

Senate Concurrent Resolution No. 61, introduced by Senators Roberti and Montoya, was chaptered in September 1986. The Resolution authorized the creation of the California-Taiwan Sister-State Legislative Task Force.

The purpose of the California-Taiwan Legislative Task Force is to study ways to promote "mutually beneficial social, economic, educational, and cultural programs". The report:

- o examines the social, political, economic composition of Taiwan;
- o identifies current organizations and activities between California and Taiwan;
- o makes recommendations to improve the relationship between Taiwan and California;
- o discusses the legislative efforts to secure a California office in the Taipei World Trade Center;
- o points out the the relative volume of trade between California and its Chinese trading partners.

## **FINDINGS AND RECOMMENDATIONS**

The report notes that 11 cities and counties have already initiated sister-city/county relationships with counterparts in Taiwan. Teacher, student, and art exchanges are among the types of activities introduced to familiarize each other with the culture of the other group.

The recommendations to promote mutually beneficial social, economic and cultural activities are quite numerous. However, the two most significant are:

- \* A California Room in the Taipei World Trade Center,
- \* Creation of a nonprofit organization to raise funds for the promotion of programs recommended by the Task Force.

Other recommendations include academic, cultural and economic exchanges. The Task Force urges the Legislature to seriously consider the recommendations submitted herein.

## **ACKNOWLEDGMENTS**

Mr. Enti Liu  
Direct General  
Coordination Council of North American Affairs  
San Francisco, California

Mr. C.Y. Chang  
Director General  
Coordination Council of North American Affairs  
Los Angeles, California

Mr. Hugh O'Young  
Former Director General  
Coordination Council of North American Affairs  
San Francisco, California

Mr. Paul Mao  
Advisor  
Coordination Council of North American Affairs  
San Francisco, California

Mr. Clark Chen  
Deputy Director General  
Coordination Council of North American Affairs  
San Francisco, California

Mr. Robert Wang  
Director  
Far East Trade Service  
San Francisco, California

## CHAPTER 1

### INTRODUCTION

The California-Taiwan Sister-State Relationship was established in 1983 pursuant to the Senate Concurrent Resolution 40, Chapter 120, Statutes of 1983 (See Appendix A-1.), sponsored by Senator Joseph B. Montoya. Based on this resolution, the Sister-State relationship between California and Taiwan, the Republic of China was proposed. Shortly thereafter, a goodwill delegation of nine legislators traveled to Taiwan to meet with several officials of the Taiwan provincial government.

In April 1983, an agreement was reached between Speaker Kao Yu-Jen of the Taiwan Provincial Government, Republic of China and David Roberti, President Pro Tempore of the Senate of California to establish a Sister-State relationship.

On February 10, 1986, Senate Concurrent Resolution 61 Chapter 156, Statutes of 1986 (Please refer to Appendix A-2.), was introduced by Senators Roberti and Montoya. The resolution was co-authored by Assemblyman Art Agnos and authorized the creation of the California-Taiwan Sister-State Legislative Task Force (the Task Force). The resolution provided for the appointment of eighteen members to the Task Force. However, due to the great interest in the Task Force, membership was increased to twenty-five with the passage of Senate Concurrent Resolution 44, Chapter 65, Statutes of 1987 (Appendix A-3).

Pius Lee and Wilbur Woo were appointed as co-chairmen to the Northern and Southern California regions, respectively. Regional meetings have been held at San Francisco and Los Angeles. Task force members at the regional meetings have participated in joint meetings at the State Capitol in Sacramento.

Several members of the Task Force and members of the Legislature visited Taiwan in October 1987 on a fact finding mission, which was led by Senator Montoya. The visit was informative and provided task force members an opportunity to share certain insights and perspectives with the legislators. (Please refer to Chapter 5 for further details.)

The role of the Task Force is to study ways of conducting mutually beneficial social, economic, educational and cultural programs in order to strengthen international understanding and goodwill. The Task Force is responsible for

reporting its findings and recommendations to the state legislature.

Finally, the role of the Task Force is enhanced by the tremendous growth of trade between the United States and Pacific Rim countries. At present, Taiwan is California's second largest trading partner. It is this relationship that the Task Force seeks to exploit, especially in view of the fact that the volume of imports from Taiwan exceeded \$5,211.1 million for the past six years and practically doubled from 1984 to 1988.

The Asian Pacific community of California is among the largest in the United States. This factor also enhances future commerce and economic ties between California and Taiwan.



## CHAPTER 2

### TASK FORCE MEMBERSHIP/ORGANIZATION/ACTIVITIES

#### CO-CHAIRS

Pius Lee      President, California Realty & Land Co.  
                 San Francisco  
                 Former President, Chinese Chamber of Commerce  
                 San Francisco

Wilbur Woo    Chairman, California Taiwan Trade and Investment  
                 Investment Council of Los Angeles

#### LEGISLATIVE MEMBERS

Senator Joseph B. Montoya (D. Whittier)	Chair, Business and Professions Chair, Select Committee on the Pacific Rim
Senate President Pro Tempore Roberti (D-Hollywood)	Chair, Senate Rules Committee David Chair, Select Committee on Small Business Enterprises
Assemblyman Bruce Bronzan (D-Fresno)	Chair, Assembly Health Committee

#### PUBLIC MEMBERS

William Breall, M.D.	Cardiologist
Greta H. W. Chang	Owner, McDonald's Franchise, Pinole
Jerry Chang	Civil Engineer, Sacramento Municipal Utility District, Sacramento
Arnold Chin	Attorney at Law, Chin & Hitchcock Law Firm, San Francisco
Frank Damrell, Jr.	President, Damrell, Damrell and Nelson Law Firm, Sacramento and Modesto
Stephen Fong	Vice President, Gateway Savings Bank San Francisco
Tony D. Fong	President, Fong Brothers Printing Brisbane
Maria Hsia	President, Howard Hom & Associates Los Angeles

Carl Kuo-Chang Huang,  
Ph.D.

President, Executive Lodge Suites  
Los Angeles

John Y. Hwang, Ph.D.

President, Chinese Television Co.  
San Francisco

Richard King

President, Richard King  
International, Los Angeles

Jack Lee

President, Walls Pacific Corp.  
Los Angeles

Albert Lum

Attorney at Law, Partner,  
Lewis, D'Amato, Brisbois & Bisgaard  
Law Firm, Los Angeles

Robert K. Mah

Certified Public Accountant  
Wallace, Mah and Company  
San Francisco

Elpidio Osteria, M.D.

Medical Director of the Family  
Protection Dept., West Hollywood  
Hospital and Assoc. Medical Clinic,  
Los Angeles

Roger Pan

President, Pan Pacific Ocean Group  
San Francisco

Donald F. Reid

Vice President and Managing Senior  
Compliance Officer of Wells Fargo  
Bank, San Francisco

Gibbs C. P. Wang

Editor, World Journal, San Francisco  
and New York

Godwin Wong, Ph.D.

Professor, Graduate School of  
Business Administration, U.C.  
Berkeley and Golden Gate  
University, San Francisco

Eric T. S. Wu

President, Century Pacific Finance  
Corporation, Los Angeles

STAFF ADVISOR

Patricia Takayama  
(formerly)

Select Committee on the Pacific Rim

## CHAPTER 3

### TAIWAN BACKGROUND INFORMATION

#### INTRODUCTION

The purpose of this section is to provide an overview of several relevant aspects regarding Taiwan, the Republic of China. The Task Force considers a brief discussion of Taiwan's geography, demographics, culture, education, health, government and economic importance in the global economy essential to the ultimate objective of bilateral understanding. A country profile is presented to provide a better understanding of Taiwan, the Republic of China.

#### GEOGRAPHY

Taiwan is a mountainous island in the South China Sea. Covering approximately 13,900 square miles in area, Taiwan is slightly smaller than one-eleventh of the size of California. The island of Taiwan (named by Portuguese sailors in 1590 "Ilha Formosa", meaning beautiful island), the Republic of China claims jurisdiction over several smaller islands including the Pescadores group, Quemoy and Matsu. Taiwan's capital is Taipei in the north. Other principal cities are Kaohsiung, Tainan and Taichung. (Please refer to Appendix B.)

Taiwan's weather ranges from 80°F (27°C) in the summer to 65°F (18°C) in the winter. The summer monsoons bring strong winds and rain while the winter monsoons bring rain and cooler weather to the north. Taiwan suffers from damaging typhoons (winds exceeding 100 miles per hour) almost every year.

#### HISTORY

Taiwan has a colorful history. It became a protectorate of the Chinese empire in 1206, when Genghis Khan founded the Yuan Dynasty. It was made a county of the mainland province of Fujian in 1684 and proclaimed a separate province in 1885 under the Ching or Manchu dynasty, which was the last dynasty.

The Spanish invaded northernmost Taiwan in 1626. They occupied it for 16 years until the Dutch drove them out in 1642. For a brief period in 1884, the French occupied Taiwan following a dispute over the Yunnan-Indochina border but withdrew under the terms of a treaty.

Upon China's defeat to Japan in 1894, Taiwan was ceded to Japan with the signing of the Treaty of Shimonoseki.

Taiwan and the Pescadores were restored to Chinese rule after World War II in 1945. Since December 7, 1949, the principal city of Taiwan, Taipei has been provisional capital of the Republic of China.

#### DEMOGRAPHICS

Taiwan's 20.1 million population resides on islands about one-eleventh the size of California. Apart from the approximately 1.5% aborigines, the people of Taiwan originate from a group from the mainland of China. Approximately one-third of Taiwan's population is concentrated in the seven major cities of Taipei, Taichung, Kaoshiung, Tainan, Keelung, Hsinchu and Chiayi. Consequently, the population density is high and is concentrated in urban areas.

The following table provides a brief demographic sketch of Taiwan:

#### DEMOGRAPHICS\*

##### CATEGORY STATISTICS

Population	20.109 million (1989)**
male	52.16% (1987), 50.09% (1989)
female	47.84% (1987), 49.91% (1989)
Natural increase	1.4% (1989/88)
Age	30% below 15 years of age 5% over 65 years of age
Density	1,400 persons per square mile
Distribution	67% urban; 33% rural
Life expectancy	71 years for men; 76 years for women
Birth rate	18.03 per 1,000 (1987), 15.7 per 1,000 (1989)
Death rate	4.81 per 1,000 (1987) 5.2 per 1,000 (1989)

\*Economist Intelligence Unit, 1987-88

\*\* Council for Economic Planning and Development-April 1990

In western cultures where demographic patterns frequently show females exceed the number of males, the pattern in Taiwan seems to be reversed. The more numerous 1987 male population (52.16%) to females (47.84%) in Taiwan made the differential between the two not only unique but rather large. However, by 1989 the difference was negligible, which suggests that there has been a recent increase in the births of female babies compared to males babies.

Two excellent indications of Taiwan's maturity as a nation are its low death rate (as compared to many countries in the region) and its declining birth rate, 15.7% (down from 18.03% in 1987). The average life expectancy, which is 71 years for men and 76 years for women, indicates a rather healthy nation. Taiwan's young population is increasing as noted in the table above. Approximately 30% of the population is 15 years old or younger.

#### CULTURE

Although most of the people of Taiwan are of Chinese descent, they hail from various provinces throughout the mainland. The Changchou and Chuanchou peoples of the province of Fujian, the Hakka peoples of Guangzhou province are well represented. The truly native Taiwanese, the indigenous aborigines, are probably related to tribes in the Philippines. As such, Taiwan is a nation of diverse cultural backgrounds.

As a result of this diverse melting pot of Chinese peoples, Taiwan claims several dialects in addition to the languages spoken by minority groups. However, Mandarin is the primary language for business, education and government.

#### CULTURAL CHARACTERISTICS\* COMMENTS

Ancestry	Almost entirely Chinese in origin including roughly 85% from the mainland province of Fujian. Less than 2% are indigenous aborigines.
Official Language	Mandarin; several Chinese dialects are spoken depending upon their regional birthplace.
Religions	The predominant religion is Buddhism. Also Muslim, Taoist and Christian. The philosophy of Confucianism claims a large following.

\*Economist Intelligence Unit, 1987-88

Although culture is difficult to identify in definitive terms, the following table highlights a few categories relevant to Taiwan.

As the Chinese culture has been predominant in Taiwan for centuries, so too have the religions which came via the mainland. The principal religions are Taoism and Buddhism. Christianity and Mohammedanism are also practiced. In 1984 there were approximately 544,628 Christians almost equally divided between Protestants and Roman Catholics, and about 54,280 Moslems.

Other indigenous Chinese religions are also observed. However, some of them cannot be strictly separated. For example, the birthday of the Taiwan regional patron diety Ma Tsu, (Goddess of the Sea) and the Buddhist Goddess of Mercy, Kuan Yin, may be celebrated and the Gods worshipped in the same temple.

Although the religious preference of most of the people of Taiwan is Buddhism, the presence of other groups is indicative of the culture's sensitivity. Perhaps the most interesting development is the large following attributed to the study of Confucianism which is more in the nature of an ethical code or code of honor than a religion or school of philosophy. (For reference purposes, please note the aforementioned information is taken from the Economist Intelligence Unit, 1987-88)

#### EDUCATION

Taiwan's educational standards are among the highest in the region. Perhaps one of the clearest examples of Taiwan's success in developing a superior educational system is the extremely high literacy rate. Education through elementary and junior high school is compulsory in Taiwan. At the age of 15, students either attend senior high school or senior vocational school. Thereafter, students move on to university, college or junior college with further avenues available to pursue masters and doctoral programs (Please refer to Appendix C).

The curriculum pursued by students indicates a strong emphasis towards practical sciences. The ultimate objective is to provide students with technical knowledge and skills so they will be better prepared to serve society. In an effort to ensure a strong family unit, women's education stresses the cultivation of sound character and the preservation of the special nature of motherhood.

The following table highlights the number of educational institutions, students, and teachers as of 1987.

## EDUCATION\*

<u>CATEGORY</u>	<u>STATISTICS</u>	
Number of schools	6,491	
Public	4,189	
Private	2,302	
Number of colleges and universities	28	
Public	15	
Private	13	
Number of students	5,045,768	(25.9% of pop.)
Number of full-time teachers	191,773	
Literacy rate	91.6%	
Educational expenditures as a % of GNP	5.48%	
Educational expenditures as a % of gov't budget	16.45%	
Foreign students	3,660	(747 from the U.S.)

### \*Educational Statistics of The Republic of China, 1987

The following statement provides a clear understanding as to why Taiwan's education has developed so well in such a short period of time:

"In accordance with the Three Principles of the People, the purpose of Chinese education is to improve national living, to achieve mutual assistance, to develop national economic life and to prolong the life of the nation, so that we can attain, by all means, the independence of the nation, democracy and a higher standard of living, and in the end, advance to an ideal world where harmony and equality prevail." (Education in The Republic of China, 1987).

This definitive statement of purpose has provided the foundation upon which promising students have achieved their goals.

A review of the 1988-1989 educational enrollment statistics show a slight decline in primary education attendance (0.9%). On the other hand, secondary education enrollment is up (2.5%) and higher education enrollment has increased by 7.7%.

## HEALTH

Taiwan's health standards have risen to among the highest in the region. The following table illustrates some areas of importance:

<u>CATEGORY</u>	<u>HEALTH*</u>	
	<u>STATISTICS</u>	
Hospital Clinics		12,324
Beds		70,806
Physicians (including Chinese herb doctors)		16,944
Population per hospital bed		275

\*Economist Intelligence Unit, 1987-88

Health expenditures account for 16.3% of the government's budget. With the exception of general administration and defense, no other area receives as large a portion of the budget. The government seems dedicated to providing excellent health care for all and is continuing to distribute such benefits to those with lower incomes.

The priority given to health related expenditure's demonstrates Taiwan's concern and interest in a healthy population. The low death rate and exemplary life expectancy figures fully support the effective contributions and commitment the government has made to sustaining a vigorous workforce.

## GOVERNMENT

Under the Republic of China Constitution, the central government is comprised of a cabinet and five branches. The five branches are: the Executive Yuan, the Legislative Yuan, the Examination Yuan, the Judicial Yuan and the Control Yuan (See appendix D).

The Executive Yuan is responsible for developing and executing national policy. The Legislative Yuan represents the people in passing legislation and supervising the operations of the Executive Yuan. The Examination Yuan is responsible for examination, appointment, screening, recording, payment and other personnel affairs of public functionaries. The Judicial Yuan is in charge of civil, criminal, and administrative trials and the discipline of public functionaries. The Control Yuan, which is the highest supervisory organ of the nation, has the



powers of consent, impeachment, censure, correction and audit (See Republic of China 1988 - reference book).

The following table presents Taiwan's structure of government:

GOVERNMENT STRUCTURE\*

<u>CATEGORY</u>	<u>COMMENTS</u>
Form of government	Republic
National Assembly	Composed of elected delegates (many are life-term members from the mainland) who meet to elect or recall the President and vice-president, to amend the Constitution or to vote on proposed constitutional amendments that have been submitted by the Legislative Yuan.
President	Elected for a term of six years and may be re-elected for a second term (the two-term restriction is presently suspended). Performs various tasks as head of state.
Executive Yuan	The highest administrative organ of the nation and responsible to the Legislative Yuan.
Legislative Yuan	The highest legislative organ of the state, composed of elected members. Most of its seats are held by life-term members.
Judicial Yuan	The highest judicial organ of state, in charge of civil, criminal and administrative cases.
Examination Yuan	In charge of supervised examinations for entry into public offices, and deals with personnel questions of the civil service.

\*Statistical Survey, Directory of Taiwan, 1986

An essential element of any nation's prosperity is the strength of its government. Taiwan's system of Yuans provides several checks and balances that maintain order through smooth administrative cooperation.

## ECONOMY

Since 1952, Taiwan's annual average real gross domestic product (GDP) growth has been an impressive 8.7%. Taiwan has gone through three distinct phases. First, in the 1950's agricultural growth was promoted. The textile and cement industries flourished due to the modernized infrastructure established during the Japanese occupation and enhanced by U.S. economic aid.

Second, the 1960's saw the development of low technology light industry and the assembly of imported inputs for consumer goods. This spurred the strengthening of Taiwan's strong export base.

Third, Taiwan's comparative advantage has faced setbacks due to increasing real wages in labor intensive industries. As such, the economy is shifting to more high technology and capital intensive industries.

One of the most intriguing aspects of Taiwan is its ability to exceed or remain reasonably close to target growth rates. The table below outlines Taiwan's relative success.

### REAL GNP GROWTH TRENDS\*

#### TIME PERIOD REAL GNP

	<u>PROJECTED GROWTH</u>	<u>ACTUAL GROWTH</u>
1969-72	7.0%	11.6%
1973-76	9.5%	7.9%
1976-81	6.5%	9.7%
1982-85	8.0%	6.6%
1986-89	6.5%	8.2 (1989/88)**

\*Economist Intelligence Unit, 1987-88

\*\* Council for Economic Planning and Development-April 1990

The current four-year plan is most interesting as Taiwan expects to increase imports by 9.5% compared with a previous 6.7% growth in exports. As such, Taiwan is making every effort to share in the responsibility of decreasing its large global trade surplus especially with the United States (Please refer to Appendices D and E).

Another interesting aspect of Taiwan's economy is the importance that small and medium-sized firms command in the manufacturing sector. At present, 98% of all enterprises are

operating with capital or business revenue of under \$1 million in U.S.dollars. The small and medium-sized enterprise sector produces 55% of the GDP. Although Taiwan's economy has shifted from mainly agriculture to manufacturing, the nation continues to be characterized by the "small shop" concept often associated with its early farming days.

Finally and perhaps the best measure of Taiwan's economic success is the distribution of personal income as presented in the following table:

#### DISTRIBUTION OF PERSONAL INCOME\*

PERCENTAGE	1964	1974	1984
Lowest 20%	7.71%	8.84%	8.49%
20% - 40%	12.57%	13.40%	13.69%
40% - 60%	16.62%	16.99%	17.62%
60% - 80%	22.03%	22.05%	22.84%
Top 20%	41.07%	38.63%	37.36%
Ratio of highest to lowest 20%	5.33%	4.37%	4.40%

\*Economist Intelligence Unit, 1987-88

As shown by the above table, the benefits from economic growth were spread fairly equitably across the population. During the 20-year period from 1964 to 1984 the ratio of highest income to lowest was reduced by approximately 1% and the largest portion of the population continues to be in the highest 20% income bracket. Taiwan's boast of "growth with equity" seems to be well-founded. In the past two years, Taiwan's per capita income has increased 18.6% from \$5,798 in U.S. dollars to \$6,875. This increase is due in part to the devaluation. However, it also signifies Taiwan's increasing affluence and an excess of income available for expenditures on imported consumer goods.

The remainder of this section will briefly deal with several particular aspects of Taiwan's economy.

#### CURRENCY

Taiwan's currency, the New Taiwan dollar (NT dollar), has recently graduated to a managed float within a narrow band with respect to major currencies. Prior to 1979, the NT dollar remained pegged with the U.S. dollar. The table below outlines exchange rates per U.S. dollar from 1980-1986.

# EXCHANGE RATE\*

	<u>AVERAGE</u>	<u>YEAR</u> <u>END OF PERIOD</u>
1980	36.015	36.010
1981	36.849	36.840
1982	39.124	39.910
1983	40.065	40.270
1984	39.597	39.470
1985	39.849	39.850
1986	37.860	35.500

\*Economist Intelligence Unit, 1987-88

As Taiwan is highly dependent on importing many raw materials, such as oil, the Central Bank and five leading foreign exchange banks have exercised considerable control over the currency. This has resulted in relative stability of the NT dollar against the U.S. dollar over the past seven years.

## EMPLOYMENT

Taiwan has enjoyed virtually full employment for many years. As shown by the table the highest rate of unemployment was reached in 1985 and was a mere 3%. In 1981 the unemployment

# UNEMPLOYMENT TRENDS\*

<u>YEAR</u>	<u>UNEMPLOYMENT RATE</u>
1975	2.5%
1981	1.4%
1982	2.2%
1983	2.8%
1984	2.6%
1985	3.0%
1986	2.0%

\*Economist Intelligence Unit, 1987-88

rate reached a low of 1.4%. Compared to California's unemployment rates of 7%-9%, the trend analysis on Taiwan's unemployment outlined in the table below is enviable.

With remarkably low unemployment rate figures, which defy most textbook expectations, Taiwan has enjoyed a productive and reasonably content workforce.

An important aspect of Taiwan's economic development is the redistribution of employment among the three major industries.

#### EMPLOYMENT DISTRIBUTION\*

INDUSTRY	1975	1985	1988**	1989**
Agriculture	30.4%	17.5%	13.7%	12.9%
Manufacturing (industry)	27.5%	33.5%	42.6%	42.2%
Commerce (services)	14.1%	18.0%	43.7%	44.9%

\*Economist Intelligence Unit, 1987-88

\*\* Council for Economic Planning and Development-April 1990

The shift away from agriculture is the result of increasing job opportunities in the manufacturing sector. Moreover, the increasing level of education has provided the needed skilled workers necessary for the expansion of a technologically intensive industrial export sector.

#### INFLATION

Taiwan's ability to insure that unemployment is virtually nonexistent has been complemented by a similar strength with respect to market prices. As indicated by the table below, the inflation rate went from a high of 16.3% for consumer prices in 1981 to a stable 3% the following year. Moreover, wholesale prices which increased 7.6% in 1981, actually declined the following four years through concerted efforts.

### INFLATION\*

<u>YEAR</u>	<u>CONSUMER PRICES</u>	<u>WHOLESALE PRICES</u>
1981	16.3%	7.6%
1982	3.0%	-0.2%
1983	1.4%	-1.2%
1984	-0.03%	0.5%
1985	-0.2%	-2.6%

\*Economist Intelligence Unit, 1987-88

With the exception of 1981 (year of substantial increases in oil prices), Taiwan has experienced virtually no inflation in consumer or wholesale prices in the last seven years. Although wages have been increasing, especially in the manufacturing sector, Taiwan has been able to control inflationary tendencies by maintaining a tight grip on the money supply. Taiwan has managed to simultaneously control inflation and minimize unemployment.

### AGRICULTURE, FORESTRY AND FISHING

As previously noted, the shift away from an agrarian economy has resulted in a very efficient, although less valuable, (in terms of GDP) agricultural industry. The table below depicts the large swing.

#### CONTRIBUTION OF AGRICULTURE TO GDP\*

<u>YEAR</u>	<u>%OF GDP</u>
1963	26%
1985	6.2%

\*Economist Intelligence Unit, 1987-88

The swing is due primarily to the development of the manufacturing sector and to the limited land resources on Taiwan. Taiwan's agriculture has remained in the hands of family farmers. Additionally, 82% of these farm families own all of the land they cultivate. This is due to the government's active role in narrowing the income gap between farmers and non-farmers.

Although the shift is significant, the use of farm machinery has increased productivity and efficiency. In fact,

productivity in terms of cultivated land is rather high by regional standards. The main crops are rice, sugar cane, fruit (bananas, citrus and pineapples), mushrooms and tea.

### MANUFACTURING

In recent years, manufacturing has accounted for more than 41% of real GDP and most exports. In fact, Appendix F indicates that industrial products have accounted for no less than 87.5% of exports since 1976. The largest contributors to this boom in manufacturing exports are electrical machinery (22.4%), textile products (17.5%) and machinery and metal products (10%). (Please refer to Appendix G). The textile industry is one of Taiwan's oldest. Its yarn and fiber industry is among the most competitive in Asia. Long-term plans include encouraging larger companies with more capital and technological methods of production.

Some of the main electronic products are television sets, radios, tape recorders, calculators, telecommunications and computers. In fact, the government lists many of these items as essential to Taiwan's most strategic industries.

Simply stated, it is the manufacturing industry that has made Taiwan an impressive force in the global economy.

### TRANSPORTATION & COMMUNICATION

Although transportation congestion is no longer a serious problem in Taiwan, the government still emphasizes infrastructure improvements. The table below highlights some relevant industry statistics.

#### INFRASTRUCTURE\*

##### CATEGORY

##### STATISTICS

Railways	Total length = 2,681.2 km 17.3 million tons, cargo traffic, 2.265 million ton-km freight traffic
Roads	19,857 km of which 16,602 km are paved
Motor Vehicles	7.9 million; 6.59 million motorcycles and 830,315 cars for private use
Air transport	Kaoshiung and Taoyuan international airports
Major ports	Kaoshiung, Keelung, Hualien, Taichung and Suao. Handled 183.9 million tons of freight. Kaoshiung is the world's tenth largest port.

\*Economist Intelligence Unit, 1987-88 & Republic of China 1988

The government's continued interest in improving Taiwan's infrastructure is reflected in the planned new high speed railway. Further, the government is working on a project to complete the railway network around the island.

Communication systems in Taiwan are highly sophisticated and largely available to the public. Although the government monitors the press closely, it is very powerful and well-distributed among the populace.

Telecommunications networks have expanded substantially since 1970, when there were 25,000 subscribers compared to 4.2 million in 1985. International direct dialing is available along with most other conveniences.

### BANKING

One of the fastest growing areas of Taiwan's economy is the banking sector. Recent relaxation of government policies offer expanded opportunities for foreign banks to operate in Taiwan.

The Central Bank of China is the central bank. Of the 24 domestic banks, 13 are owned primarily by the government. Some of the major private banks are the International Commercial Bank of China and the Overseas Chinese Commercial Banking Corporation. These banks offer mostly short term credit and export financing. There are about 40 foreign banks (20 from the USA.) which have either branches or representative offices.

The concept of a prime lending rate system was only introduced in March 1985. Taiwan's ten largest local banks quote the prime lending rate in conjunction with the Central Bank.

For the most part, the banking industry is still young in Taiwan. The introduction of offshore banking facilities and quasi investment banks indicate promise for the industry.

### FOREIGN DIRECT INVESTMENT

The government encourages foreign direct investment for projects considered strategic or vital to economic development. The government assures overseas investors equal status with local investors. Such projects are offered five year tax holidays, accelerated depreciation and exemption from import duties. With the exception of government monopolies, public utilities, light manufacturing and petroleum refining, the Ministry of Economic Affairs approves many applications.



## INTERNATIONAL TRADE

As Taiwan is an island economy located geographically in the center of the Pacific Rim area, it relies heavily on international trade. In 1987, Taiwan's total foreign trade registered more than \$88 billion in U.S. dollars. The International Monetary Fund lists Taiwan as the world's 12th most important international trading nation and 10th largest exporting country. Taiwan's top five trading partners are the United States, Japan, Hong Kong, West Germany and Canada. (Please refer to Appendices H and I). In fact, in 1986 Taiwan's bilateral trade with the United States totaled \$31 billion in U.S. dollars and accounted for 35.5% of Taiwan's total foreign trade.

As noted in the Appendices, Taiwan is running a rather large trade deficit with the United States which reached \$12 billion in U.S. dollars in 1989 but is down from \$17 billion at its peak in 1987. The Taiwanese government has attempted to lessen the trade imbalance by sending 13 procurement missions to the United States. So far they have purchased over \$11 billion worth of industrial and agricultural goods. Further efforts have been made with the voluntary renewal of Taiwan's long-term grain purchasing agreement with the United States. Taiwan is obligated to purchase 18.15 million metric tons of grain from the United States over a period of five years.

In 1986, Taiwan was the largest market in the world for American agricultural products. While American farmers suffered a drop of 8.63% in 1986, exports to Taiwan increased by 6.2%. Taiwan is the world's largest purchaser of American apples, the second largest buyer of American corn, lumber and ice cream, the third largest buyer of American cotton, grapes, onion, cattle hides, and the fourth largest buyer of American soybeans, barley, cattle and citrus juice. It is claimed that many American agricultural products take up 98% of the market share in Taiwan.

Taiwan's ability to compete in the global trading market is unquestionable. Among developing countries, Taiwan is ranked number one in terms of exports, although Korea is advancing rapidly.

## CONCLUSION

Taiwan is a nation of healthy, literate, hard-working people. With their varied economic base and a substantial favorable balance of trade, the people of Taiwan have demonstrated their strength as competitors in the global marketplace. Moreover, they have improved their infrastructure, increased their production level, raised their standard of living, as well as their per capita income and now

have more capital available for consumption of imported consumer goods.

By making special efforts to reduce the trade deficit between the United States and Taiwan, the government of the Republic of China has demonstrated consideration for the United States and shown itself to be a responsible trading partner. The relationship between the State of California and Province of Taiwan should prove to be mutually beneficial and cooperative, wherein the peoples of both states will learn to understand and enjoy the developing enhanced relationship. It seems reasonable to say that the people of California and the people of Taiwan will continue to be "hen hao pengyou" ("very good friends" in the Pin Yin form of Mandarin) for many years to come.

## CHAPTER 4

### CALIFORNIA AND TAIWAN INTERACTION

#### INTRODUCTION

Cultural and economic activity between California and Taiwan has increased significantly over the last two decades. Government interaction, commercial transactions and private programs have also contributed to the strengthening of ties.

This section will survey tourism, cultural exchange and general trade between California and Taiwan.

#### CALIFORNIA-TAIWAN TOURISM

Although various agencies keep statistics on the number of tourists visiting the United States, there is no specific data relating to California-Taiwan tourism. The California Economic Development Department estimates that in 1986, 56,000 visitors arrived in California from "the far east countries other than Japan." Visitors from individual countries are not identified. Additionally, the figures may include visitors to other states with connecting flights in California. California Office of Tourism 1987 data reflects that 39,000 persons from Taiwan indicated their destination in the United States as California.

The U.S. Travel & Tourism Administration states that in 1986, 68,000 people from Taiwan visited the United States and in 1987, 100,000 visitors originating from Taiwan arrived in the United States. A breakdown of visitors to California was not available. The numbers provided are understated since any visitor indicating country of origin as "China," as oppose to Taiwan, is categorized as originating from The People's Republic of China, not Taiwan.

The Taiwan Tourism Representative in the office of the Coordination Council of America in San Francisco estimates that in 1987, outbound departures from Taiwan to the United States totaled 164,267. Further the number of visitors to the United States is broken down by purpose of visit as follows:

1987 Outbound Departures from Taiwan to the United States\*

<u>CATEGORY</u>	<u>STATISTICS</u>
Pleasure	29,765
Business	39,517
Visit Relatives	29,740
Study	16,904
Attend Conferences	1,239
Other	29,913
Unstated	<u>17,189</u>
Total	164,267

\*Taiwan Coordination Council of North American Affairs

Generally, there has been an increase in visitors from Taiwan to the United States and the purposes of travel have broadened with the declining value of the U.S. dollar.

In similar fashion, American citizens have demonstrated a yearning to visit Taiwan. The Economist Intelligence Unit claims that in 1985, 13.2% of Taiwan's 1,195,500 foreign (non-overseas Chinese) tourists were American. It is estimated that 32,220 tourists from California visited Taiwan during this period. The figures indicated that tourism between the United States and Taiwan is quite healthy. The Task Force believes it is relatively safe to assume that California is well-represented in this area.

CULTURAL EXCHANGE

For more than two decades cultural exchange between California and Taiwan has flourished. In general, most of the exchange has been organized through sister-city programs.

The first sister-city program was established twenty-three years ago between the cities of Monterey and Tainan. Today there are 18 similar programs existing between California and Taiwan. The following profiles describe several types of cultural exchange.

MARYSVILLE AND PEIKANG

In conjunction with Yuba Junior College, the city of

Marysville has conducted a cultural exchange program with Peikang since February 1986. The cultural exchange activities include the following:

- \* Exchange of visiting delegations,
- \* Host students from Peikang,
- \* Promotion of Marysville's products such as prunes,
- \* Business promotional efforts between the two cities,
- \* Goodwill missions,
- \* Exchange of cultural information.

The Marysville sister-city program has been incorporated as a non-profit organization. Please contact Janice Soo Hoo Nall at (916) 673-8373 for further information.

The following table outlines the sister-city and county exchange programs between California and Taiwan:

SISTER-CITY PROGRAMS*		
<u>Taiwan City/County</u>	<u>California City/County</u>	<u>Beginning Date</u>
Monterey	Tainan	Feb. 8, 1965
San Francisco	Taipei City	Feb. 3, 1970
Holtville	Tainan County	Nov. 18, 1974
San Jose	Tainan City	April 13, 1977
Fairfield	Tainan County Hsin-Hwa City	Sept. 9, 1977
Obispo	Nan-Tou County Tsaotun City	Oct. 1, 1977
Atascadero	Nan-Tou County Puli City	Oct. 1, 1977
Paso Robles	Taichung County Taiping City	Oct. 1, 1977
Morro Bay	Ilan County Suao City	Oct. 4, 1977

# SISTER-CITY PROGRAMS continued

Grover	Taipei County Tanshui City	Oct. 15, 1977
Los Angeles	Taipei City	May 18, 1979
Monterey Park	Taipei County Yungbo City	Sept. 4, 1981
Campbell	Keelung City	Oct. 13, 1981
Contra Costa County	Taichung County	March 31, 1983
San Diego	Taichung City	Nov. 19, 1983
Alhambra	Hsin Chuang City	1984
Marysville	Peikang City	Feb. 1986
Cerritos	Taipei County Pan-Chiao City	March, 1986
San Gabriel	Chang Hua City	1986
Yuba County	Yuen Lin County	Dec. 12, 1988

## SAN FRANCISCO AND TAIPEI

San Francisco established a sister-city program with Taipei in 1970. In general, the program centers on cultural and educational exchanges. The following activities and programs have taken place:

- \* US-Chinese medical doctor's group visited Taipei and exchanged information through seminars with the two largest hospitals in Taipei - Taipei General Hospital and National Taiwan Hospital.
- \* Municipal officials have visited sister-city counterparts.
- \* High school basketball team was sent to Taipei to play exhibition games.
- \* Classical Chinese operas have been performed in San Francisco by Taipei groups.
- \* San Francisco martial arts students will hold an exhibition this year in Taipei.
- \* The San Francisco Modern Dance Company (OPLIN) will travel to Taipei to perform this year.

The level of activity has risen dramatically between San Francisco and Taipei in the last few years. Chairperson of the San Francisco-Taipei Sister City Committee program is Li Wa (415) 441-2050.

#### SAN JOSE AND TAINAN

Since February 1977 the city of San Jose has enjoyed a Sister-City relationship with Tainan. The activities have been primarily governmental and cultural. The following events have taken place or are planned for the future:

- \* Through the cooperation of both cities a large Chinese cultural garden was constructed in San Jose.
- \* The San Jose Youth Symphony group has visited Taiwan and Taiwan has sent visual arts and other exhibits to San Jose.
- \* Government officials from both cities have studied their respective city governments on site.
- \* This year there are plans to send San Jose students returning from Japanese exchange programs to Taiwan for a few weeks. Please contact Bert Gerlitz - (408) 277-5144 or Mel Hassebrock at (408) 788-8069 for further information.

#### ALHAMBRA AND HSIU CHUANG, SAN GABRIEL AND CHANG HUA

Since 1984 Alhambra has been affiliated with Hsiu Chuang through a sister-city program. In 1986 San Gabriel formed a sister-city program with Chang Hua. Both Alhambra and San Gabriel looked for sister cities similar to themselves. Alhambra's sister city is close to Taipei and has a large University on its outskirts. Alhambra is close to Los Angeles and has a California State University nearby. San Gabriel is known for the San Gabriel Mission. A Buddhist civic center plays a large role in the civic life of Chang Hua. Examples of activities taking place between the respective cities includes the following:

- \* Alhambra dedicated a Rosebowl float to Hsin Chuang in 1987 and the mayor and city officials of Hsin Chuang rode on the float.
- \* Delegation visits are frequent between both sister-city programs.

- \* Both American cities have sister city schools and exchange teachers and information regarding their educational system.
- \* A Safe Driving Clinic was held in both Taiwan sister cities by police and auto club members from their American counterparts.
- \* Departments of the two cities have exchanged information with their counterparts in Taiwan.
- \* Business and marketing workshops are held by San Gabriel professionals to explain certain procedures in city commerce to immigrants.
- \* Sister-city cultural trade fairs, encouraging Taiwanese businesses set up booths to promote their products, are conducted by the Chamber of Commerce.

#### CONCLUSION

The various profiles and impressive list of sister-city relationships indicate a growing interest in strengthening ties between California and Taiwan. As more programs develop, California and Taiwan will enjoy greater cultural awareness, understandings and generally a mutually beneficial relationships.

#### GENERAL TRADE

Since the establishment of the Sister-State Relationship the volume of trade between Taiwan, the Republic of China and California more than doubled between 1984 and 1987. However, the trade deficit has increased at almost the same rate. The trade deficit is declining incrementally but remains well above the 1984 levels. The following chart shows the exports, imports and the trade balance for 1984, 1987 and 1988 for goods and services traded between California and Taiwan (Department of Finance data). This is contrasted with the volume of goods and services traded between the U.S. and Taiwan (World Trade Commission data). Note that the only 1989 data was provided by a Taiwan source (Far East Trade Service).



# EXPORTS AND IMPORTS IN MILLIONS OF DOLLARS

<u>California &amp; Taiwan</u>	<u>1984</u>	<u>1987</u>	<u>1988</u>
Exports	1,749.9	2,650,438	4,412,864
Imports	<u>5,211.2</u>	<u>10,103,875</u>	<u>10,405,289</u>
Total Volume	6,961.1	13,754,313	14,818,153
Trade Balance	-3,461.3	-7,453.4	-5,992.1
 <u>U.S. &amp; Taiwan</u>	 <u>1984</u>	 <u>1987</u>	 <u>1988</u>
Exports	4,822.0	7,185,928	11,942,798
Imports	14,767.8	24,622,442	24,804,026
Total Volume	<u>19,589.8</u>	<u>31,808,370</u>	<u>36,746,824</u>
Trade Balance	-9,945.8	-17,436.513	-12,861,228
 <u>U.S. &amp; Taiwan</u>	 <u>1989</u>		
Exports	11,995.1		
Imports	<u>23,996.2</u>		
Total Volume	35,991.3		
Trade Balance	-12,001.1		

As noted in the previous section, Taiwan and the U.S. engage in extensive bilateral trade. Based on United States data, Taiwan exports to the United States grew by 27.4% to US\$19.8 billion in the first three quarters of 1987. As a result, Taiwan now has the second largest bilateral trade surplus with the United States after Japan. However, Taiwan responded to this trade imbalance with reduced tariffs on many items, opening its markets to several American made products and encouraging greater American investment. Those efforts resulted in a substantial reduction (\$5 billion) of the U.S. trade deficit with Taiwan.

However, California is the benefactor of visits from Taiwan businessmen on frequent buying trips. California businesses have not taken full advantage of their potential to export their products. California's domestic enterprises need to adopt a more aggressive marketing strategy in the Taiwan market.

Trade between California and Taiwan is quite lively. Taiwan is California's second largest trading partner. In 1986, American exports to Taiwan totaled roughly \$5.7 billion. California was the second largest exporter providing 19.6% of this figure (New York represented 20.1%). Exports from California totaled roughly \$1.1 billion and represented 139 different product categories. The top 10 exports from California to Taiwan are highlighted in the following table:

#### TOP TEN EXPORTS FROM CALIFORNIA TO TAIWAN\*

<u>CATEGORY</u>	<u>US \$ VALUE (IN MILLIONS)</u>
Clothes Washing Machines	72.9
Waste/scrap iron or steel	72.2
Digital integrated circuits	55.2
Auxiliary plant (for use with boilers falling within 4511)	49.6
Peripheral	33.9
Petroleum oils, crude, and crude oils	31.1
Printed matter, old paper and waste paper	27.5
Household refrigerators and parts thereof	27.4
Paper and paperboard, waste	25.2
Computer	22.1

\*Board of Foreign Trade, Ministry of Economic Affairs, 1987.

Although California accumulated a trade deficit of roughly \$5.2 billion with Taiwan in 1985, it is also true that Taiwan is a strong export market for California products. A marketing strategy and concerted efforts could help balance California's trade deficit.

#### CONCLUSION

Taiwan has recognized the negatives resulting from a large trade imbalance and has taken affirmative steps to lessen the disparity. For California this offers potential trade advantages. As Taiwan decreases its agricultural sector to focus on manufacturing, California food products can develop a new market which will grow in demand as Taiwan's the per capita income continues to rise. As the Taiwan consumer becomes more affluent and sophisticated, we can expect increased tourism. And if our marketing efforts are strategically planned we can

promote a taste for wines, as well as some of our specialty crops - cherries, pistachios, asparagus etc.

Furthermore, California's fashion industry, with casual flowing designs in natural fibers, are perfect for hot, sweltering Taiwan and can become popular additions to a middle-class wardrobe. Although, Taiwan exports considerable quantities of textiles, in the eight years between 1981 and 1988 Taiwan textile imports more than doubled and increased again by 9.9% in 1989.

Sister-city, academic and cultural exchanges have increased. Greater exposure to things Chinese has helped the California public to recognize small differences between Asian cultures. However, much effort needs to be exerted to improve awareness of Chinese culture, language, history, customs and business practices. To effectively penetrate the Taiwan market we need to better understand our Taiwan Chinese friends and cultivate some of their business practices.

Simply stated, California and Taiwan are in a position to create strong ties in all areas. The relationship has tremendous potential and the trade opportunities are boundless.

## CHAPTER 5

### FACT FINDING MISSION TO TAIWAN

#### DELEGATION

At the invitation of the Taiwan Provincial Government, five California legislators led a delegation of California-Taiwan Legislative Task Force members to Taiwan to renew the spirit and friendship initiated in the California-Taiwan sister-state Relationship established four years prior in 1983.

The five legislators who participated were: Senator Joseph B. Montoya, the delegation leader; Senator Wadie Deddeh; Assembly members Rusty Areias, Bruce Bronzan and Dominic Cortese, and Mrs. Cortese. The delegation also included several members of the Taiwan Legislative Task Force: Wilbur Woo, Jerry Chang, Frank Damrell Jr., Maria Hsia, Jack Lee, Godwin Wong and spouses Alice Chang and Howard Hom.

#### MEETING IN TAIPEI

Following a briefing by the Government Information Office and the Board of Foreign Trade the delegation met with Chiang Tseng-ti, deputy director general of the Board of Foreign Trade. In response to questions about tariffs on tobacco and trade restrictions on California products, Deputy Director General Chiang replied that efforts were being made to reduce the number of restrictions on imported goods. When questioned on government imposed market obstacles Chiang said that the government has assumed a new position of encouraging the purchase of foreign goods.

The prospect of reducing some of the obstacles to importation of California products was discussed. However, an editorial in an English language daily published in Taipei indicated that government policies promoting the sale and use of foreign products were short-lived. As soon as domestic producers objected, the government would resume its former protective position.

The effort by the government of the Republic of China to spearhead the purchase of American goods and services was highlighted as a cooperative measure to reduce the trade imbalance.

The delegation was given a briefing by the Council of Agriculture (COA); and the vice chairman of the COA, Koh

Chin-Chao greeted the delegation and shared the government's recent efforts to address some of the agricultural trade issues with the United States. Members of the delegation queried Vice Chairman Koh Chin-Chao about the customs delays on California agricultural products and substantial tariffs. Vice Chairman Koh Chin-Chao, assisted by members of his staff, offered informative statistical trade data but no assurances of tariff reductions.

The delegation visited the Taipei World Trade Center (TWTC). David T.C. Liu, deputy director of the Exhibition Department, acting on behalf of the director, Jacob Chu and the China External Trade Development Council, extended an offer of office space in the TWTC to California as one of the states in the United States that have a sister-state relationship with Taiwan, the Republic of China. Office sites were inspected and a tentative reservation was secured for the state of California. It was noted that several states had already established a substantial presence in the TWTC. Most noteworthy was the state of Arizona with 4 spaces, one of which was occupied by the city of Tucson. Twelve other states had already occupied spaces or had reserved space in the TWTC.

#### MEETINGS IN TAICHUNG

The delegation traveled to Taichung, the capitol of the Province of Taiwan, where it was received by Governor Chiu Chuang-huan. After greetings were exchanged Governor Chiu and Senators Montoya and Deddeh expressed renewed commitment to develop and strengthen our California-Taiwan sister-state relationship. Governor Chiu Chuang-huan invited the California Legislators and the California delegation to join him at the reception in celebration of Taiwan Retrocession Day. The reception was addressed by the current President of the Republic of China, Lee Teng-hui (formally, and at the time of the address, Vice President) and Premier Yo Kuo-Hwa.

The delegation also met with Speaker Kao Yu-jen of the Provincial Assembly elected members of the Provincial Assembly and their wives. Enthusiasm for the California-Taiwan Sister-State Relationship was shared and discussion turned to the prospects of opening a California room in the Taipei World Trade Center as an important first step to establish a permanent visible California presence in Taiwan.

#### CONCLUSION

The fact-finding mission was productive as a goodwill visit to enhance California's sister-state relationship with Taiwan. The mission helped the delegation recognize that without a permanent presence in Taiwan it would be difficult to promote an ongoing relationship with its sister-state. Furthermore, a formal association would need to be organized to

represent the people of California. The organization could provide information and act as an umbrella group for other Taiwan-California committees. It would be recognized, if not authorized, by the state of California.

Among the factors discussed in favor of establishing a California room in the TWTC was the need for Americans entering the Taiwan market to gain a better understanding about the customs and local business practices. Task Force members agreed that it would be a good idea if staff for the California room could assist new entrants to the Taiwan market with information about culture, customs and local business practices and generally help acclimate visitors and entrepreneurs.

## CHAPTER 6

### RECOMMENDATIONS

After many meetings and much deliberation in San Francisco, Los Angeles and Sacramento, the Task Force submits the following recommendations to the state Legislature for consideration:

1) ESTABLISH A CALIFORNIA ROOM AT THE TAIPEI WORLD TRADE CENTER

That a California room be established at the Taipei World Trade Center in an effort to promote California tourism, services, manufactured products and agriculture products.

2) CREATION OF A NON-PROFIT ORGANIZATION

That a non-profit organization be created and titled the California Taiwan Sister-State Foundation, in an effort to raise funds and properly implement the Task Force's activities. The goals of the non-profit organization would include the following:

a) ANNUAL CALIFORNIA-TAIWAN EVENTS IN EACH PROVINCE

That an annual California-Taiwan event be held in each province in Taiwan in an effort to increase awareness in the private sector.

b) INCREASED JOINT VENTURES

That joint ventures between business firms be encouraged so as to increase commercial interactions.

c) GIFT EXCHANGE PAVILION

That a permanent gift exchange pavilion be established in California and Taiwan in an effort to present a visible commitment of the sister-state relationship.

d) EXCHANGE OF ART ARTIFACTS

That the art artifacts of Taiwan and California be exchanged for display in every county of each state.

e) EXCHANGE OF ENTERTAINMENT GROUPS

That annual exchanges of sports teams, musical groups and theatrical groups be established in an effort to enhance cultural understanding.

f) VISUAL EDUCATIONAL TOOLS

That visual aid materials, such as a video tape highlighting the respective demographic information of each province, be exchanged for use as an educational tool in classrooms.

g) STUDENT EXCHANGE PROGRAM

That a student exchange program for high school students, university students and professors be established.

h) MEDICAL EDUCATION EXCHANGE PROGRAM

That a training and education exchange program for medical doctors be established.

i) POLITICAL EDUCATION EXCHANGE PROGRAM

That young political leaders of California and Taiwan be exchanged to improve mutual understanding of the political and governmental structure of each county of the province.

j) OTHER EXCHANGE PROGRAMS

That other appropriate exchange programs be established in the area of culture, education, economics...etc.

k) LIAISON BETWEEN SISTER-CITY COMMITTEES

That the non-profit organization act as a liaison between the various sister-city committees in California.

The recommendations listed above would promote a greater exchange of ideas and provide greater opportunities for the people of California to acquire a better understanding of the people of Taiwan. As California increasingly invites foreign investment into the state, relies on international trade and tourism as an integral part of its growing economy, the greater the need becomes for recognizing its primary trading partners. The development of a formal structure for recognizing and sharing the contributions of the Taiwan Chinese to and in



California is an important means of fostering cultural awareness and goodwill between California and our Pacific basin neighbors.

If the Task Force is to participate and succeed in implementing the proposed programs considerable public support will be necessary. Many of the goals will call upon community sources for funding. However, the state Legislature's support will be necessary in the establishment of the California Room, development of a Taiwan Week, development of a gift exchange pavilion, creation of a state video tape and the exchange program for young political leaders.

## CHAPTER 7

### EPILOGUE

After the fact-finding trip to Taiwan, the legislative delegation attempted to establish a California trade office at the Taipei World Trade Center in Taipei, the Republic of China. Senator Montoya submitted a proposal to Governor Deukmejian to establish a trade and cultural center at the Taipei World Trade Center site. The Governor rejected the proposal. Assemblyman Bronzan subsequently introduced a bill to mandate the establishment of a trade office in Taipei. The bill failed passage.

#### International Trade Office

Governor George Deukmejian announced his intention to open a second Asian trade office in southeast Asia at a site yet to be decided. Efforts to encourage the governor to establish the second Asia trade office in Taipei proved fruitless. In the spring of 1989, the governor announced his decision to open the southeast Asia trade office in Hong Kong, just weeks before events at Tiananmen Square reached crisis proportions. The trade promotion office officially opened in January of 1990.

#### Legislation

In 1989, Assemblyman Bronzan introduced a bill, AB 247, (Chapter 472, 1989 Statutes) to establish a California showcase site in the Taipei World Trade Center in Taipei, the Republic of China. The final version of the bill signed by the Governor required the World Trade Commission to study the feasibility and desirability of establishing one or more trade showcases at trade centers in Europe and the Pacific Rim. The bill provided that if the report "conclusively" found the showcase concept desirable, a California Showcase at the Taipei World Trade Center would be established on a pilot basis, provided that funds were made available.

The World Trade Commission's March 1990 report on International Trade Promotion and California Showcases did not "conclusively" find showcases a desirable means of promoting California trade. Among the findings were: that increased staff and funding for existing efforts may be the most valuable approach to expanding activities, stand alone showcases are not highly effective in reaching out to new markets, and can be expensive to develop and maintain. The report specifically addressed the criteria for a site in the Taipei World Trade Center. The two main criteria were: 1) availability of space

in a high visibility location, and 2) the development of interest, support and adequate funding by the private sector. In view of AB 247's requirement that the World Trade Commission find "conclusively" in favor of the desirability of showcases, the a Taipei showcase office will not be forthcoming.

### Advantages of Taipei Trade Office

Governor Deukmejian reviewed the relative merits of an international trade office located in Hong Kong and considered Seoul, Republic of Korea and Taipei, the Republic of China among other sites before deciding upon Hong Kong. However, after the Governor's announcement other events-- political and economic-- took place that warranted re-evaluation of the Hong Kong site.

Most noteworthy of these events is the bloody suppression of the demonstrations at Tiananmen Square in Beijing, People's Republic of China (PRC). The consequences of the violence used to suppress free speech and peaceful demonstrations were far-reaching. The most immediate was the cancellation of tourist reservations and academic exchanges to Beijing and other locations. Domestic consequences included imposition of travel restrictions, curfew, and a suspension of its economic expansion policy. Erratic production and inability to meet quota deadlines dampened investment interests in the PRC. This was followed by the suspension of loans to companies in the PRC and mounting concern and demonstrations in Hong Kong.

With Hong Kong due to return to Chinese rule in 1997, Hong Kong Chinese have become increasingly concerned that their human rights will be suppressed when the government of the People's Republic of China assumes control. Hong Kong has since experienced capital flight and a brain drain. Those with money and talent are seeking residency status elsewhere and safehavens for their assets in the event of political instability and restrictions. The Hong Kong government, a colonial stepchild for over one century, has not fostered independent democratic institutions. Although the transition government policies, (based on the Sino-British Joint Declaration of 1984 and the Basic Law adopted by the Beijing government in 1990) transferring Hong Kong to PRC control provided for popular elections, controversy over the number of popularly elected representatives has already produced some suspicion of the democratic guarantees secured to the former British subjects and disenchantment with the Beijing government.

### Economics

On the positive side, Taiwan, under its first native-born president, Lee Teng-Hui, has initiated reforms in its financial sector opening up its stock market. It has made concerted efforts to stimulate travel to the PRC and promote limited economic activity between Taiwan entrepreneurs and PRC

locales. Moreover, the increasing per capita income (from \$5,798 in U.S. dollars in 1988 to \$6,875 in 1989) has made Taiwan a more favorable market for California specialty exports.

Despite Hong Kong's obvious strength in its financial institutions and its access and close familial and cultural ties with the PRC industrial development zones, it is note worthy that the combined total volume of trade of Hong Kong and the PRC with California falls substantially below the volume of trade between Taiwan and California. From the table below we can see that in 1987 the total volume of trade between Hong Kong and California was \$5,148 billion and \$2,666.8 billion between the PRC with California. However, their combined total (\$7,815 billion) is \$4,939 billion less than the volume of trade between California and Taiwan (\$12,754 billion). Although the combined volume of trade between California and Hong Kong (\$5,992 billion) and California and the PRC (\$3,847 billion) grew by more than \$2,000 billion in 1988, Taiwan's trade volume

COMPARATIVE CHINESE EXPORT IMPORT DATA  
(in millions of dollars)

	1987	1988
<b>Hong Kong</b>		
exports	1,752,497	2,423,100
imports	<u>3,395,928</u>	<u>3,568,929</u>
total volume	<b>5,148,425</b>	<b>5,992,029</b>
trade balance	-1,643.4	-1,145.8
<b>PRC</b>		
exports	715,129	1,003,926
imports	<u>1,951,706</u>	<u>2,843,868</u>
total volume	<b>2,666,835</b>	<b>3,847,794</b>
trade balance	-1,236.6	-1,839.9
<b>grand total</b>		
trade volume	<b>7,815,260</b>	<b>9,839,823</b>
<b>Taiwan</b>		
exports	2,650,438	4,412,864
imports	<u>10,103,875</u>	<u>10,405,289</u>
total volume	<b>12,754,313</b>	<b>14,818,153</b>
trade balance	-7,453,437	-5,992,425
<b>Taiwan surpasses</b>		
<b>H.K. &amp; PRC by:</b>	<u><b>4,939,053</b></u>	<u><b>4,978,330</b></u>

with California also grew by more than \$2,000 billion. In fact, Taiwan (\$2,064 billion) actually surpassed Hong Kong and PRC (\$2,024 billion) dollar volume growth over the previous year by \$40 billion.

In view of the questionable economic stability stemming from the PRC's political unrest, and the indirect affect it has on Hong Kong's financial and productive unreliability, Taiwan's economic stability looks increasingly more favorable as a site for a southeast Asian trade and promotion office.

Assuming that one primary goal of a California International Trade and Promotion Office is to increase market opportunities California products, it is logical that it should be located where California products have the greatest potential for sale in large volumes to maximize the benefits.

Senate Concurrent Resolution No. 40

RESOLUTION CHAPTER 120

Senate Concurrent Resolution No. 40—Relative to Taiwan, the Republic of China.

[Filed with Secretary of State September 14, 1983.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 40, Montoya. Taiwan: the Republic of China.

This measure would extend to Taiwan, the Republic of China, an invitation to join the State of California as a sister state.

WHEREAS, The sister city-state concept was inaugurated by the President of the United States in 1956 to establish greater friendship and understanding between the people of the United States and other nations through the medium of direct personal contact; and

WHEREAS, All succeeding United States Presidents have endorsed this program conducted for the broad purpose of exchanging ideas between the citizens of the State of California, the United States, and the peoples of other nations; and

WHEREAS, The people of Taiwan, like the people of the State of California and the United States, generally, have overcome great adversity and have built a successful, prosperous, free economy; and

WHEREAS, The Republic of China has been one of the most faithful allies of the United States since 1941; and

WHEREAS, Strong commercial ties now exist between the citizens of the Province of Taiwan and the citizens of the State of California; and

WHEREAS, The people-to-people program initiated by President Eisenhower in 1956 and endorsed by President Kennedy in 1961 was designed to bring the people of the world closer together in the interest of peace and prosperity; and

WHEREAS, A sister-state relationship between Taiwan and California is in the best interest of a cooperative relationship between the two states involved; now, therefore, be it

*Resolved by the Senate of the State of California, the Assembly thereof concurring,* That the Legislature, on behalf of the people of the State of California, extends to the people of Taiwan (the Republic of China) through the Provincial Legislature of Taiwan, an invitation to join California as a sister state and to conduct mutually beneficial social, economic, educational, and cultural programs in order to bring our citizens closer together and strengthen international understanding and good will; and be it further

*Resolved,* That the Secretary of the Senate transmit copies of this resolution to Lee Teng-Hui, Governor of Taiwan, Kao Yu-Jen, Speaker of the Provincial Legislature of Taiwan, Nieh Wen-Ya,

Res. Ch. 120

— 2 —

President of the Legislative Yuan, Republic of China, George Deukmejian, Governor of California, each member of Congress from the State of California and to the presiding officers of the legislative houses of the other states of the Union.

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## Senate Concurrent Resolution No. 61

## RESOLUTION CHAPTER 156

Senate Concurrent Resolution No. 61—Relative to the Taiwan Sister State Legislative Task Force.

[Filed with Secretary of State September 10, 1986.]

## LEGISLATIVE COUNSEL'S DIGEST

SCR 61, Roberti. Taiwan Sister State Legislative Task Force.

This measure would create the Taiwan Sister State Legislative Task Force, to be comprised of 9 members of the public to be appointed by the Senate Committee on Rules, 9 members of the public to be appointed by the Speaker of the Assembly, and the President pro Tempore of the Senate, the Speaker of the Assembly, and a designated legislator or their designees.

This measure would require the task force to study ways of conducting mutually beneficial social, economic, educational, and cultural programs, in order to strengthen international understanding and good will, and report its findings and recommendations to the Legislature.

WHEREAS, The Legislature, in Resolution Chapter 120 of the Statutes of 1983 (Senate Concurrent Resolution No. 40—Montoya) extended to Taiwan (the Republic of China), an invitation to join the State of California as a sister state; now, therefore, be it

*Resolved by the Senate of the State of California, the Assembly thereof concurring,* That, effective on the adoption of this measure, the Taiwan Sister State Legislative Task Force shall be established, consisting of 21 members, and this task force shall be composed of diverse ethnic backgrounds reflecting the population of the State of California; and be it further

*Resolved,* That the Taiwan Sister State Legislative Task Force shall include nine members of the public, to be appointed by the Senate Committee on Rules, and nine members of the public, to be appointed by the Speaker of the Assembly. These 18 public members shall include persons involved in promoting the sister-state relationship between the people of Taiwan and the people of California, and two of these 18 public members shall have scholarly or academic ties with the culture and people of Taiwan. The remaining three members of the task force shall be the President pro Tempore of the Senate, the Speaker of the Assembly, and the author of the resolution establishing the sister-state relationship, or their designees; and be it further

*Resolved,* That the Taiwan Sister State Legislative Task Force shall study ways of conducting mutually beneficial social, economic, educational, and cultural programs, in order to strengthen

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Senate Concurrent Resolution No. 44

RESOLUTION CHAPTER 65

Senate Concurrent Resolution No. 44—Relative to the Taiwan Sister State Legislative Task Force.

[Filed with Secretary of State July 14, 1987.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 44, Roberti. Taiwan Sister State Legislative Task Force.

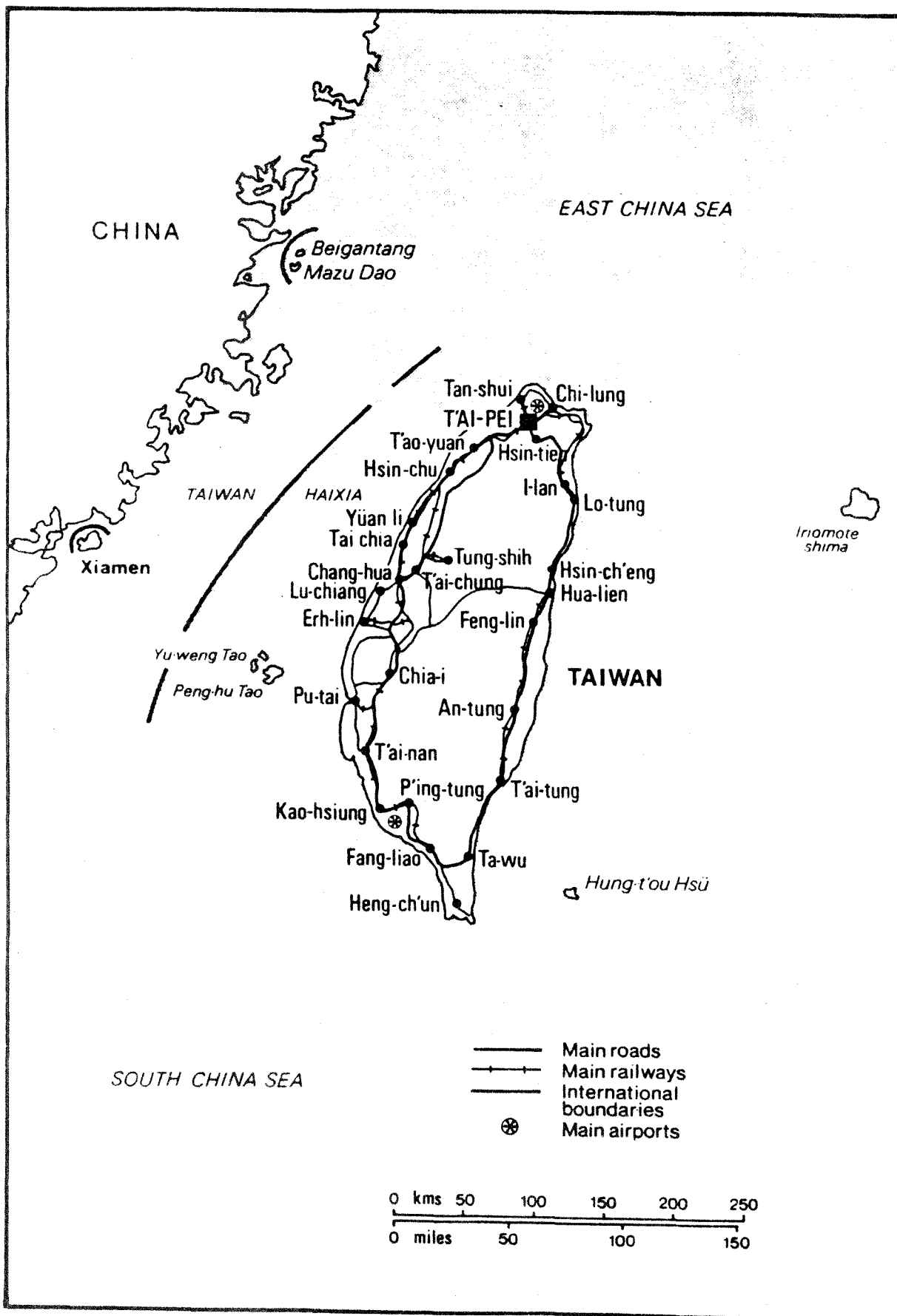
Resolution Chapter 156 of the Statutes of 1986 provided for a 21-member Taiwan Sister State Legislative Task Force, comprised of 9 members of the public appointed by the Senate Committee on Rules, 9 members of the public appointed by the Speaker of the Assembly, and the President pro Tempore of the Senate, the Speaker of the Assembly, and a designated legislator or their designees. The task force is required to study ways of conducting mutually beneficial social, economic, educational, and cultural programs, in order to strengthen international understanding and good will, and report its findings and recommendations to the Legislature.

This measure would expand the task force membership to 25, with 11 members of the public to be appointed by the Senate Committee on Rules, and 11 members of the public to be appointed by the Speaker of the Assembly.

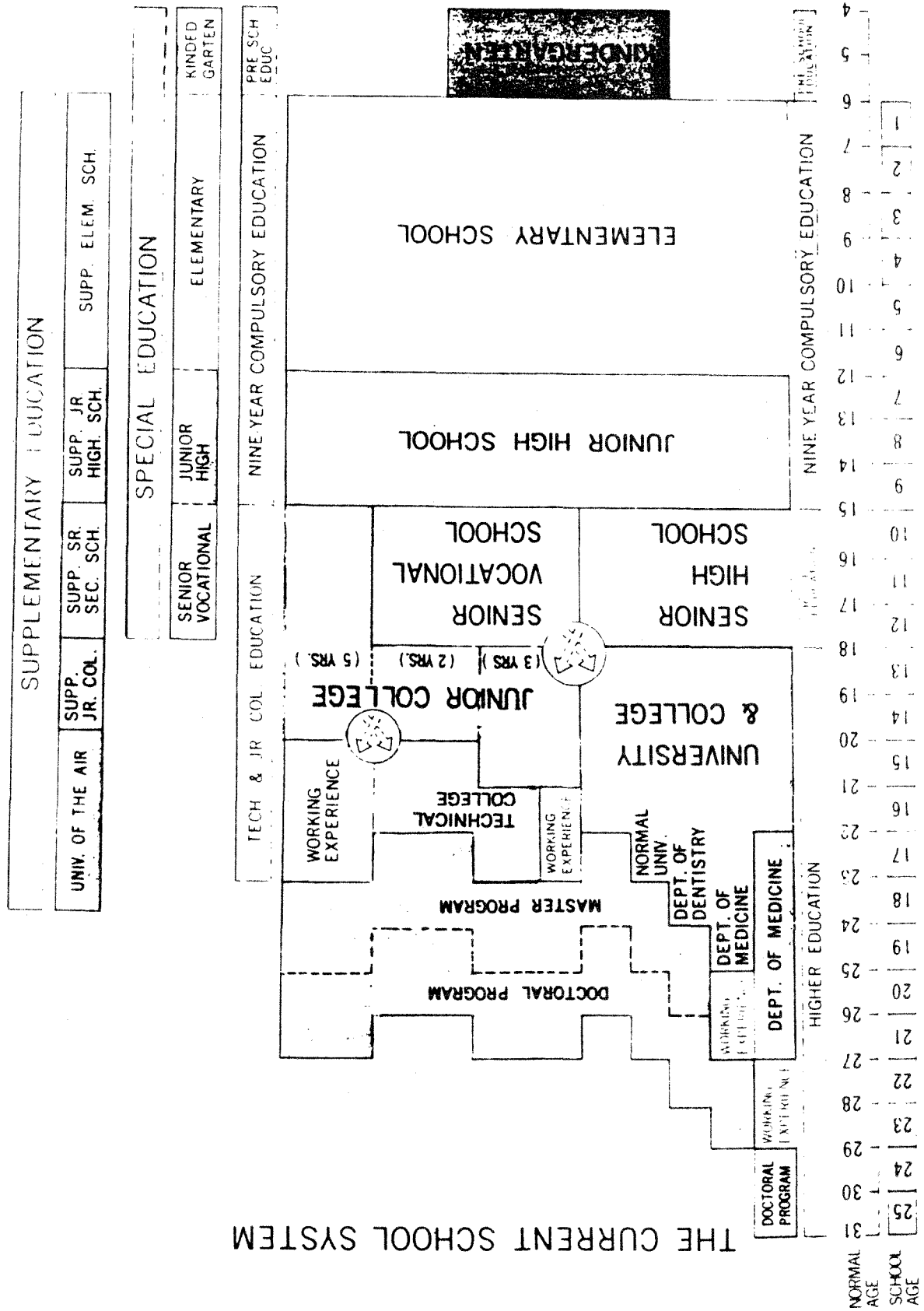
*Resolved by the Senate of the State of California, the Assembly thereof concurring,* That notwithstanding the provisions of Resolution Chapter 156 of the Statutes of 1986, the Taiwan Sister State Legislative Task Force shall, effective upon the adoption of this measure, consist of 25 members, including 11 members of the public, to be appointed by the Senate Committee on Rules, and 11 members of the public, to be appointed by the Speaker of the Assembly. All other provisions of Resolution Chapter 156 relating to the membership of the task force shall remain the same.



# Taiwan



# THE CURRENT SCHOOL SYSTEM

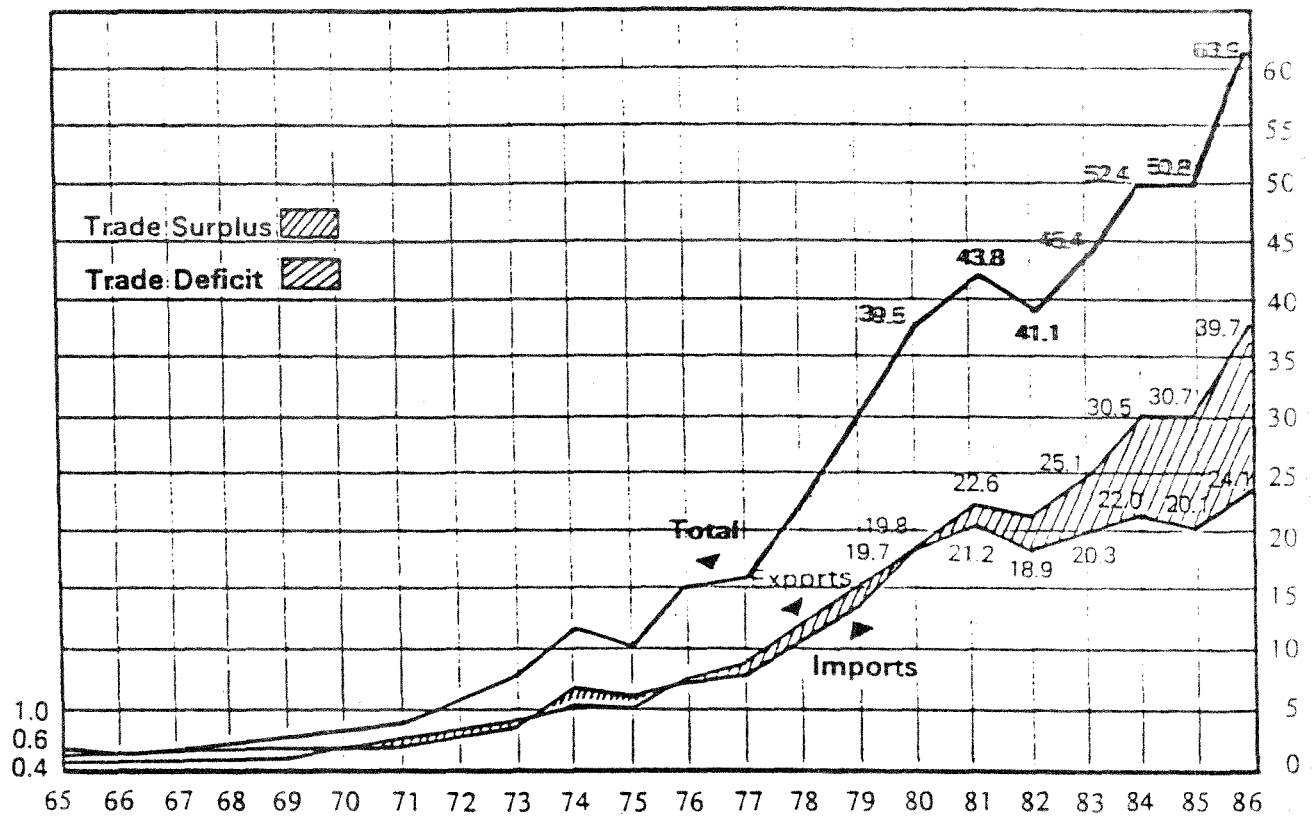


# TRADE WITH U.S.A., 1977-1986



# World-Wide Trade of The Republic of China, 1965 TO 1

## APPENDIX E



Year	Total Trade	Index (1976=100)	Linking Index	Surplus (+) or Deficit (-)	Proportion of Total Trade to GNP	
					GNP	Proportion
1976	15,765.2	100	140	(+) 567.4	18,318	86.1
1977	17,871.6	113	114	(+) 849.8	21,364	83.7
1978	23,714.0	151	133	(+) 1,660.2	26,196	90.5
1979	30,877.1	196	130	(+) 1,329.7	32,346	95.5
1980	39,543.7	251	128	(+) 77.5	40,022	98.8
1981	43,810.7	278	111	(+) 1,411.6	45,920	95.4
1982	41,092.5	261	94	(+) 3,315.9	46,500	88.4
1983	45,409.7	288	111	(+) 4,835.7	49,754	91.3
1984	52,415.5	333	115	(+) 8,497.3	56,638	92.5
1985	50,823.4	322	97	(+) 10,610.2	60,078	84.6
1986	63,961.1	406	126	(+) 15,610.3	72,548	88.2

Source: Customs Statistics

*Composition of Exports*

Unit: US\$ Million

Year	Industrial Products		Processed Agricultural Products		Agricultural Products		Total Exports
	Amount	%	Amount	%	Amount	%	
1976	7,154.1	87.6	606.1	7.4	406.1	5.0	8,166.3
1977	8,188.8	87.5	669.6	7.1	502.3	5.4	9,360.7
1978	11,309.5	89.2	740.1	5.8	637.5	5.0	12,687.1
1979	14,580.8	90.5	819.6	5.1	703.0	4.4	16,103.4
1980	17,989.7	90.8	1,108.7	5.6	712.2	3.6	19,810.6
1981	20,847.5	92.2	1,221.0	5.4	542.7	2.4	22,611.2
1982	20,523.1	92.4	1,260.3	5.7	420.8	1.9	22,204.2
1983	23,386.5	93.1	1,289.1	5.1	447.1	1.8	25,122.7
1984	28,594.4	93.9	1,383.5	4.5	474.5	1.6	30,456.4
1985	28,815.3	93.8	1,447.7	4.7	453.8	1.5	30,716.8
1986	37,187.7	93.5	2,026.9	5.1	571.1	1.4	39,785.7

Source: Customs Statistics

# Principal Imports

## APPENDIX G

Commodity	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	%
Electrical M/C & Apparatus	802.9	889.2	1,336.7	1,630.3	2,047.5	2,278.5	2,002.5	2,380.5	3,151.8	2,796.6	4,312.7	(17.9)
Chemicals	676.2	665.7	876.2	1,286.6	1,470.7	1,480.3	1,408.2	1,773.9	1,921.0	1,777.2	2,763.5	(11.5)
Basic Metals	809.6	846.6	1,389.0	1,814.7	2,377.1	2,016.1	1,654.3	1,790.7	2,037.6	1,858.8	2,676.9	(11.1)
Machinery Tools	1,183.3	966.7	1,303.2	1,715.2	2,379.0	2,665.0	1,967.3	1,877.5	2,168.1	1,760.9	2,429.3	(10.1)
Crude Petroleum	1,051.9	1,248.9	1,568.7	2,176.4	4,104.5	4,452.1	3,869.7	4,094.4	3,766.9	3,337.4	2,029.5	(8.4)
Chemicals Products	749.2	749.5	945.4	1,351.7	1,476.9	1,245.6	906.4	1,040.3	1,282.4	1,187.3	1,548.2	(6.4)
Food, Beverages and Tobacco	150.2	224.6	276.4	367.0	423.6	665.5	682.8	782.6	888.1	871.9	1,075.3	(4.5)
Transportation Equipment	343.7	596.2	548.1	840.5	819.7	795.6	1,028.2	1,000.2	640.5	758.0	877.6	(3.7)
Refined Petroleum Products	205.2	272.8	202.5	264.1	638.2	613.4	296.8	353.2	502.4	420.2	507.3	(2.1)
Pulp, Paper and Allied Products	76.3	94.3	125.2	170.9	198.9	232.7	248.2	303.6	377.3	372.8	460.0	(1.9)
Soybean	181.7	201.8	241.8	316.6	291.9	383.0	339.6	370.2	438.1	390.6	398.4	(1.7)
Maize	181.7	237.6	265.7	363.9	437.0	499.4	373.6	489.8	475.5	422.7	352.1	(1.5)
Lumber	211.8	314.4	386.0	616.0	633.5	589.5	453.3	462.9	433.9	312.5	347.3	(1.5)
Raw Cotton	230.9	272.3	321.8	287.7	400.8	323.4	386.1	328.2	423.9	360.3	341.5	(1.5)
Wheat	149.4	108.6	133.6	190.8	208.0	192.7	211.0	202.0	186.7	178.9	156.3	(0.7)
Wool	34.0	27.3	39.2	53.6	59.8	74.1	67.5	63.5	72.1	78.8	92.3	(0.4)
Others	560.9	814.2	1,047.4	1,327.7	1,766.0	2,692.7	2,992.8	2,993.5	3,192.8	3,221.7	3,807.2	(15.8)
Grand Total	7,598.9	8,510.9	11,026.9	14,773.7	19,733.1	21,199.6	18,888.3	20,287.0	21,959.1	20,106.6	24,175.4	(100.0)

Source: Customs Statistics

# Principal Exports

Unit: US\$ Million

Commodity	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	(%)
Electrical M/C & Apparatus	1,284.5	1,487.3	2,012.5	2,639.5	3,632.6	4,170.9	3,911.5	4,850.9	6,579.8	6,448.1	8,907.9	(22.4)
Textile Products	2,247.4	2,177.5	2,989.9	3,628.5	4,480.1	5,029.4	4,786.3	5,000.3	6,086.0	5,742.7	6,947.7	(17.5)
Metal Products, Machinery	571.2	699.4	1,033.3	1,414.7	1,609.0	1,993.2	1,863.8	2,320.3	2,883.6	3,006.6	3,957.5	(10.0)
Plastic Products	574.5	631.4	891.1	1,136.3	1,459.5	1,747.7	1,606.1	1,886.6	2,519.9	2,647.5	3,528.1	(8.9)
Wood Products and Furniture	539.8	631.5	880.1	1,180.7	1,139.2	1,213.0	1,112.4	1,307.0	1,350.3	1,321.5	1,685.8	(4.3)
Transportation Equipment	201.9	333.0	428.7	445.2	637.6	865.5	1,086.7	1,023.1	1,207.1	1,261.8	1,689.0	(4.3)
Basic Metals	133.6	128.9	321.7	583.7	395.2	504.6	663.4	695.9	737.2	762.0	702.5	(1.8)
Rubber Products	76.7	131.5	162.3	213.5	198.9	182.3	157.3	192.3	209.0	310.4	414.1	(1.1)
Refined Petroleum Products	129.2	173.3	255.0	275.8	289.9	438.4	417.8	448.0	540.6	528.2	393.4	(1.0)
Fishery Products	223.5	273.4	271.7	263.4	306.1	369.9	247.8	285.2	287.7	286.8	392.4	(1.0)
Paper and Paper Products	45.6	49.3	62.6	86.4	121.5	169.9	162.7	146.0	128.6	152.3	249.5	(0.7)
Canned Mushrooms	58.1	104.0	99.9	83.6	95.3	52.7	64.8	62.1	69.3	50.4	47.2	(0.2)
Canned Asparagus	99.3	75.3	113.7	110.4	134.7	108.6	90.3	61.9	59.5	35.5	64.3	(0.2)
Sugar and Sugar Preparation	158.9	124.2	73.3	87.0	232.2	145.2	106.9	46.5	36.1	35.3	38.4	(0.1)
Others	1,822.1	2,340.7	3,091.3	3,954.7	5,078.8	5,619.9	5,927.4	6,796.6	7,761.7	8,127.7	10,767.9	(27.1)
Grand Total	8,166.3	9,360.7	12,687.1	16,103.4	19,810.6	22,611.2	22,204.2	25,122.7	30,456.4	30,716.8	39,785.7	(100.0)

Source: Customs Statistics

## Major Trading Partners

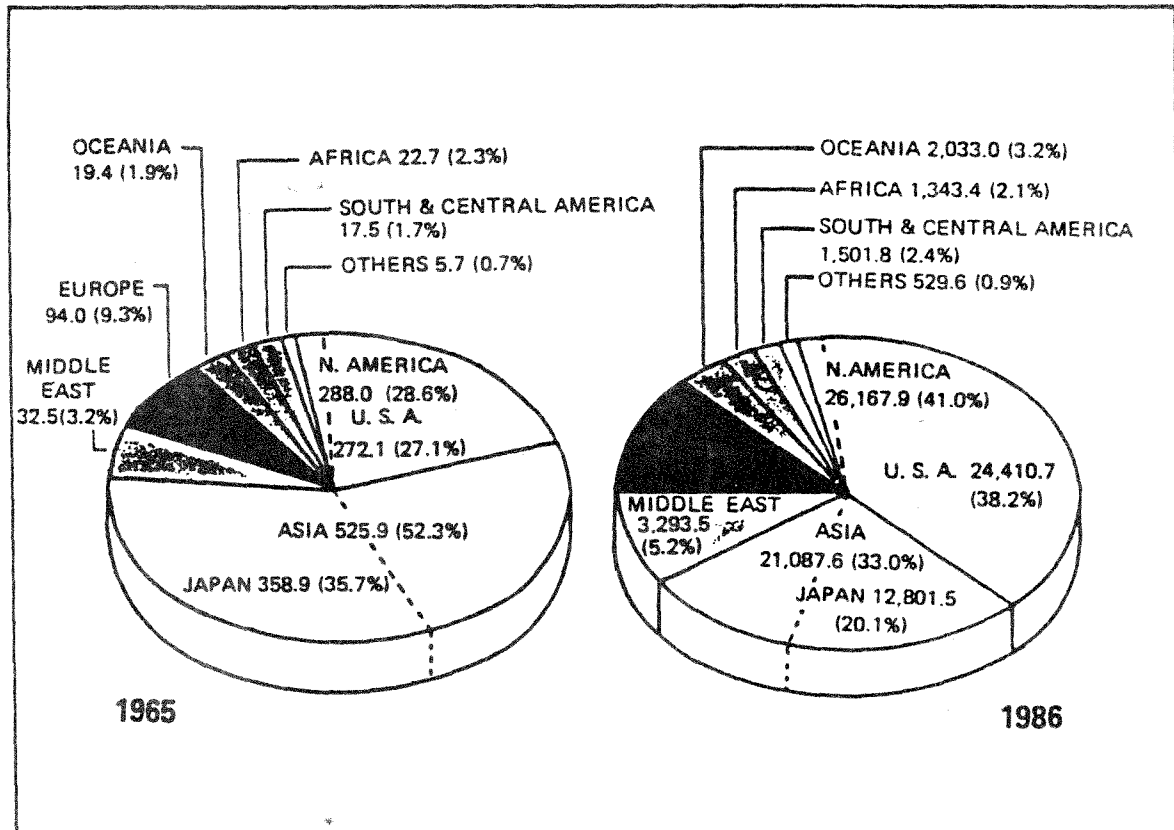
Unit: US\$ Million

Country	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	%
North America	5,206.0	5,949.0	7,819.2	9,579.2	12,142.5	13,764.5	14,148.1	17,069.2	21,226.1	20,830.5	26,167.9	(41.0)
U.S.A.	4,836.3	5,600.1	7,386.5	9,033.1	11,433.8	12,928.8	13,322.1	15,980.1	19,909.3	19,516.8	24,410.7	(38.2)
Canada	369.7	348.9	432.7	546.1	708.7	835.7	826.0	1,089.1	1,316.7	1,313.7	1,757.2	(2.8)
Asia	5,628.4	6,323.1	8,453.9	11,166.7	13,047.9	14,531.3	12,547.0	13,890.2	16,340.7	16,104.0	21,087.6	(33.0)
Japan	3,546.2	3,763.1	5,248.4	6,810.0	7,526.6	8,407.3	7,158.0	8,063.8	9,628.3	9,014.3	12,801.5	(20.1)
Hong Kong	711.8	838.7	1,010.4	1,345.8	1,800.5	2,205.9	1,872.7	1,942.5	2,457.5	2,858.9	3,294.4	(5.2)
Singapore	251.9	323.9	378.6	546.5	766.9	803.4	728.2	877.8	1,146.4	1,160.6	1,270.5	(2.0)
Indonesia	420.6	548.0	624.5	851.1	1,017.8	891.1	682.0	773.6	769.2	694.6	749.0	(1.2)
Others	96.3	106.5	149.0	271.5	287.8	287.9	356.1	452.1	372.3	532.7	664.4	(1.1)
Malaysia	159.0	218.8	313.8	459.3	594.8	640.0	692.1	717.4	782.8	676.3	706.5	(1.1)
Korea	160.8	193.5	287.2	348.7	475.0	581.8	431.4	387.7	474.4	440.2	678.8	(1.1)
Philippines	109.5	132.4	213.1	274.4	312.3	401.1	303.6	337.0	325.0	343.3	481.2	(0.8)
Thailand	172.3	198.2	228.9	259.4	266.2	312.8	322.9	338.3	384.8	383.1	441.3	(0.7)
Europe	1,926.7	2,084.4	2,901.5	4,008.6	4,988.8	4,840.3	4,711.4	5,031.4	5,406.8	5,450.2	8,004.3	(12.6)
West Germany	774.3	695.1	984.4	1,378.1	1,798.2	1,552.7	1,576.5	1,542.6	1,636.1	1,651.5	2,412.2	(3.8)
United Kingdom	328.2	449.4	566.4	702.1	767.2	868.2	800.1	924.7	985.1	912.9	1,317.9	(2.1)
Others	185.2	193.0	308.4	435.9	506.8	567.7	547.4	630.9	720.9	780.0	1,165.1	(1.9)
Netherlands	218.8	234.5	330.8	453.0	629.7	518.9	485.3	596.8	683.9	679.0	997.3	(1.6)
France	123.1	176.8	221.8	320.1	392.8	466.1	563.8	558.2	452.2	479.4	746.5	(1.2)
Italy	116.6	143.0	210.1	342.5	436.9	409.8	392.1	360.5	448.7	480.5	655.2	(1.1)
Belgium	92.7	122.0	156.4	201.7	236.3	207.2	188.9	223.4	258.4	258.2	387.6	(0.6)
Switzerland	87.8	70.6	123.2	175.2	220.9	249.7	159.3	194.3	221.5	208.7	322.5	(0.5)
Middle East	1,579.6	1,810.9	2,253.7	3,158.3	5,300.2	5,490.3	5,078.4	5,172.5	4,657.5	3,920.2	3,293.5	(5.2)
Saudi Arabia	533.8	715.2	970.2	1,340.6	1,963.4	2,403.9	2,687.8	2,685.7	2,698.9	1,950.9	1,538.0	(2.4)
Others	256.2	334.7	391.5	528.6	899.2	674.9	806.9	1,140.0	1,083.5	1,181.3	1,166.8	(1.9)
Kuwait	789.6	761.0	892.0	1,289.1	2,437.6	2,411.5	1,581.7	1,346.8	875.1	788.0	588.7	(1.0)
Oceania	474.7	545.3	752.6	983.5	1,167.5	1,468.7	1,494.8	1,531.1	1,819.2	1,785.0	2,033.0	(3.2)
Australia	406.5	459.3	655.9	873.2	1,051.7	1,270.0	1,287.0	1,316.8	1,609.1	1,547.9	1,753.3	(2.8)
Others	68.2	86.0	96.7	110.3	115.8	198.7	207.8	214.3	210.1	237.1	279.7	(0.5)
Latin America	316.7	479.4	636.2	815.3	1,051.9	1,502.7	1,332.0	1,014.8	1,230.6	1,204.4	1,501.8	(2.4)
Others	210.6	225.5	294.0	360.7	512.5	384.9	359.2	478.0	529.7	436.6	529.6	(0.9)
Africa	422.5	454.0	602.9	804.8	1,332.4	1,828.1	1,423.8	1,222.5	1,204.9	1,092.5	1,343.4	(2.1)
Grand Total	15,765.2	17,871.6	23,714.0	30,877.1	39,543.7	43,810.8	41,092.7	45,409.7	52,415.5	50,823.4	63,961.1	(100.0)

Source: Customs Statistics

*Trade Distribution of The Republic of China, 1965 & 1986*

Unit: US\$ Million





CHAPTER 472

An act to add Chapter 1.8 (commencing with Section 15364.80) to Part 6.7 of Division 3 of Title 2 of the Government Code, relating to international trade, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 15, 1989. Filed with Secretary of State September 15, 1989.]

LEGISLATIVE COUNSEL'S DIGEST

AB 247, Bronzan. Taipei World Trade Center.

Existing law required the California State World Trade Commission to study the feasibility and desirability of the state establishing overseas trade offices and to identify 3 or more options for establishing one or more overseas offices.

This bill would require the California State World Trade Commission to conduct a study and report to the Legislature by March 31, 1990, on the desirability of establishing one or more trade showcases at trade centers in Europe and the Pacific Rim. The bill would require, if the report's findings are conclusive in this regard, that there be established, on a pilot basis, a California Showcase at the Taipei World Trade Center, provided funding and resources are made available, as specified.

The bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) California confronts an unquestionably international future amidst a fiercely competitive world economy.

(2) California's economy is currently the world's sixth largest, and is projected to be the world's fourth largest by the year 2000.

(3) California is brimming over with a vast array of consumer goods, high-technology products, aerospace equipment, and agricultural commodities, and features a strong work force and an encouraging political climate for international trade.

(4) A growing number of California businesses are looking overseas for promising markets and exciting new growth opportunities.

(5) The developing nations of Europe and the Pacific Rim present many of California's most exciting export markets.

(6) Although California's overseas trade and investment offices continue to perform admirably in promoting California, they cannot

reach all developing markets and provide the permanent presence necessary to establish California as a leading player in an increasingly international economy.

(b) The Legislature further finds and declares that it may be appropriate for California to establish one or more overseas trade showcases to promote California's many goods and services. To that end the Legislature enacts this act.

SEC. 2. Chapter 1.8 (commencing with Section 15364.80) is added to Part 6.7 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 1.8. CALIFORNIA SHOWCASE AT TAIPEI WORLD TRADE CENTER

15364.80. The California State World Trade Commission shall conduct a study of the desirability of the state establishing one or more overseas trade showcases at trade centers in Europe and the Pacific Rim to promote California's many goods and services.

15364.85. The commission shall submit a report to the Legislature by March 31, 1990, which does the following:

(a) Recommends the functions of the showcases.

(b) Identifies suitable trade centers or alternative sites for the showcases.

(c) Determines the feasibility of establishing computerized electronic information terminals and other appropriate high-technology communication equipment at the centers.

(d) Identifies the estimated costs to the state for the establishment of showcases on a site-by-site basis.

(e) Identifies the extent to which cooperative agreements could be entered into and costs shared by private industry.

(f) Estimates economic benefits likely to accrue to the State of California.

15364.90. If the report's findings are conclusive that California should establish showcases, then a "California Showcase" shall be established, on a pilot basis, at the Taipei World Trade Center. The showcase shall be established provided funding and resources are made available in a timely fashion so as to take advantage of the up to three years of free rent available at the center.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure the timely establishment of showcases at trade centers throughout Europe and the Pacific Rim, it is necessary that this act take effect immediately.